

Fund 090

Public School Operating

Focus

Expenditures required for operating, maintaining and supporting the instructional program of Fairfax County Public Schools (FCPS) are recorded in Fund 090, Public School Operating. These expenditures include the costs for salaries and related employee benefits, materials, equipment and services to continue current programs as well as costs for projected changes in membership and inflation. Revenue to support these expenditures is provided by a transfer from the County General Fund, state, and federal aid, tuition payments from the City of Fairfax, as well as other fees and transfers.

It should be noted that the following fund statement reflects the FY 2005 FCPS Superintendent's Proposed Budget, which was released on January 8, 2004. Adjustments to this Fund, adopted by the Fairfax County School Board on February 12, 2004, will be discussed in the Overview Volume of the FY 2005 Advertised Budget Plan. However, all financial schedules included in the FY 2005 Advertised Budget Plan have been adjusted to reflect the funding level commensurate to a 6.57 percent increase in the General Fund transfer to Fairfax Public Schools. This is consistent with the Fairfax County Board of Supervisors' guidelines, which holds the rate of increase in the School Operating Fund transfer to the projected increase in County General Fund revenues. The proposed County General Fund transfer for school operations in FY 2005 totals \$1,322,374,187, an increase of \$81,523,866, or 6.57 percent, over the *FY 2004 Revised Budget Plan* transfer of \$1,240,850,321. Of this amount, \$1,621,364 represents the ninth year of a ten-year program to eliminate the County's outstanding unfunded teachers' liability.

Teachers' salaries are paid by contract over a twelve-month period ending in August. Consequently, in order to reflect the total teachers' salaries in the year that services are rendered, an accrual is made at the end of the fiscal year for the payroll liability arising from those teachers' salaries to be paid in the first two months of the succeeding year. Therefore, expenditures for July and August are recorded in the fiscal year in which they are earned and budgeted. However, prior to FY 1984, salaries for the month of July and August were paid and recorded in the next fiscal year. The result is an unfunded liability.

In FY 1984, the County began a program to eliminate the unpaid liability for educational employees' salaries and benefits over a ten-year period, which was to begin in FY 1984 and to continue through FY 1994. However, due to the 1990 recession, FY 1990 was the seventh and last year that the teachers' unfunded liability payment was funded. At that time the County's remaining outstanding liability was \$16,213,640. In FY 1997, the County resumed funding the teachers' liability payment with a new ten-year plan with scheduled payments of \$1,621,364 per year. The scheduled FY 2005 payment will be the ninth year of the School Board's Advertised new ten-year plan, and will reduce the outstanding liability balance to \$1,621,364.

It should be noted that the FCPS Superintendent's Proposed Budget reflects a General Fund transfer of \$1,361,212,802, an increase of \$120,362,481, or 9.7 percent, over the FY 2004 transfer level. In order to fund the \$38,838,615 increase above the budget guidelines, additional resources would need to be considered by the Board of Supervisors.

Fund 090

Public School Operating

FUND STATEMENT

Fund Type G10, Special Revenue Funds

Fund 090, Public School Operating Fund

	FY 2003 Actual ¹	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan ²	FY 2005 Superintendent's Proposed ³
Beginning Balance	\$77,622,846	\$44,997,280	\$110,747,182	\$34,804,721
Revenue:				
Sales Tax	\$108,484,574	\$113,298,063	\$114,472,024	\$121,824,557
State Aid	189,940,199	197,049,559	195,652,118	210,813,700
Federal Aid	34,643,996	34,515,876	39,620,441	37,475,166
City of Fairfax Tuition	26,927,421	29,085,000	27,069,379	29,138,289
Tuition, Fees, and Other	11,762,296	9,459,801	9,459,801	9,459,801
Total Revenue	\$371,758,486	\$383,408,299	\$386,273,763	\$408,711,513
Transfers In:				
County General Fund (001)	\$1,168,875,267	\$1,238,475,201	\$1,240,850,321	\$1,361,212,802
Total Transfers In	\$1,168,875,267	\$1,238,475,201	\$1,240,850,321	\$1,361,212,802
Total Available	\$1,618,256,599	\$1,666,880,780	\$1,737,871,266	\$1,804,729,036
Total Expenditures	\$1,478,355,917	\$1,638,332,823	\$1,706,157,789	\$1,775,091,117
Transfers Out:				
School Construction Fund (390)	\$13,172,173	\$13,091,514	\$11,146,588	\$12,858,000
School Grants & Self-Supporting Fund (192)	13,687,954	14,016,151	19,026,597	15,313,543
School Adult & Community Education Fund (193)	2,000,131	1,100,131	1,200,131	1,100,131
School Health & Flexible Benefits Fund (591)	293,242	340,161	340,161	366,245
Total Transfers Out	\$29,153,500	\$28,547,957	\$31,713,477	\$29,637,919
Total Disbursements	\$1,507,509,417	\$1,666,880,780	\$1,737,871,266	\$1,804,729,036
Ending Balance	\$110,747,182	\$0	\$0	\$0

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$644,515 have been reflected as a decrease to FY 2003 revenues and audit adjustments of \$1,170,780 have been reflected as increases to FY 2003 expenditures to properly record revenue and payroll accruals. The audit adjustment has been included in the FY 2003 Comprehensive Annual Financial Report (CAFR). Details of the FY 2003 audit adjustment will be included in the FY 2004 Third Quarter Package.

² The *FY 2004 Revised Budget Plan* reflects adjustments adopted by the Fairfax County School Board on November 20, 2003, during their *FY 2004 Midyear Review*. The Fairfax County School Board adjustments will be officially reflected in the County's *FY 2004 Third Quarter Review*, which will be acted on by the Board of Supervisors in April, 2004.

³ Reflects an additional \$34.8 million in projected FY 2004 ending balance to be carried over to balance the FY 2005 budget.